

HOUSE FINANCE COMMITTEE
March 3, 2017
1:04 p.m.

1:04:02 PM

CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:04 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Paul Seaton, Co-Chair
Representative Les Gara, Vice-Chair
Representative Jason Grenn
Representative David Guttenberg
Representative Scott Kawasaki
Representative Dan Ortiz
Representative Lance Pruitt
Representative Steve Thompson
Representative Cathy Tilton
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Sarah Sledge, Executive Director, Coalition for Education Equity, Anchorage; Patrick Reinhart, Governor's Council on Disabilities and Special Education, Anchorage; Mallory Hamilton, Self, Anchorage; Michael O'Brien, Vice President, Fairbanks North Star Borough School District School Board, Fairbanks; Representative Dan Saddler.

PRESENT VIA TELECONFERENCE

Deena Bishop, Anchorage School District, Anchorage; Tom Roth, Anchorage School District, Eagle River; Jim Anderson, Anchorage School District, Eagle River; Charles McKee, Self, Anchorage; Stephanie Berglund, Thread, Anchorage; Margaret Bauer, Self, Anchorage; Jim Fourtner, OCS, Anchorage; April Stahl, Self, Anchorage; Loreen Davis,

Self, Anchorage; Paul D. Kendall, Self, Anchorage; Bill Hauser, Self, Anchorage; Orin Seybert, Self, Anchorage; Bob Weigle, Self, Anchorage; Andrew Hansen, Rural CAP/Parents as Teachers, Anchorage; Cris Eichenlaub, Self, Eagle River; Karel Hauser, Self, Eagle River; Abbe Hensley, Self, Anchorage; Mary Ann Krasselt, Self, Anchorage; Carl Berger, Self, Anchorage; Lindsey Sam, Self, Anchorage; Verne Boerner, AK Native Health Board, Anchorage; Amy Simpson, Self, Eagle River; Brenda Moore, Alaska Mental Health Board, Anchorage; Doug White, Access Alaska, Anchorage; Denmer Wells, Self, Anchorage; David Boyle, Self, Anchorage; Joan Diamond, Self, Anchorage; Jody Tow, Finance Director, Petersburg Borough, Petersburg; John Dull, Self, Sitka; John Jay Sweeny, Chief Financial Administrative Officer, City and Borough of Sitka, Sitka; Mary Wegner, Superintendent, Sitka School District, Sitka; Richard Probert, Self, Tok; Deb Harbison, Parent Educator, Parents as Teachers, Tok; Hannah Bengston, Parent Educator, Parents as Teachers, Glennallen; Dennis Charley, Parents as Teachers, Glennallen; Lisa Nicolai, Gakona Village, Glennallen; Kurt Schmidt, Self, Delta Junction; Sarah Holmgrain, Member, Petersburg School Board, Petersburg; Mark Curran, Self, Delta Junction; Mark Vink, Bering Strait School District, Unalakleet; Tammy Dodd, Bering Strait School District, Unalakleet; Ethan Berkowitz, Mayor, Anchorage, Anchorage; Pamela Samash, Self, Nenana; Marna Sanford, Self, Fairbanks; Natasha Singh, Tanana Chiefs Conference, Fairbanks; Mrs. Denny Kay Weathers, Self, Prince William Sound; Paul Verhagen, Self, Nenana; Kara Thrasher-Livingston, Self, Anchorage; Marilyn Andon, Behavioral Health Director, Tanana Chiefs Conference, Fairbanks; James Squyres, Self, Rural Deltana; Pamela Goode, Self, Rural Deltana; Brad Ryan, Interim Borough Manager, City of Haines, Haines; Angela Hill, Self, Sitka; Deborah Schnabel, Haines Chamber of Commerce, Haines; Cynthia Lagoudakis, Vice Mayor, Petersburg; Evelyn Trefon, Self, Vice Mayor of City Council, Newhalen.

SUMMARY

HB 57 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 57 was HEARD and HELD in committee for further consideration.

HB 59 APPROP: MENTAL HEALTH BUDGET

HB 59 was HEARD and HELD in committee for further consideration.

Co-Chair Seaton addressed the meeting agenda.

#hb57

#hb59

HOUSE BILL NO. 57

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; repealing appropriations; making supplemental appropriations and reappropriations, and making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 59

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[1:04:02 PM](#)

Co-Chair Seaton discussed the meeting agenda and public testimony process.

^PUBLIC TESTIMONY: ANCHORAGE

Co-Chair Seaton noted that Representative Dan Saddler was present.

[1:07:03 PM](#)

SARAH SLEDGE, EXECUTIVE DIRECTOR, COALITION FOR EDUCATION EQUITY, ANCHORAGE, spoke in opposition to cuts to education. She referred to a lawsuit her organization participated in with the state [The Moore case, filed in 2004, challenged whether Alaska's public education system was adequate under the Alaska Constitution., [The State agreed to settle the eight-year case on January 26, 2012]. She discussed the court findings. She thought further reductions to the education budget were not in the best

interest of a successful education system. She thought such cuts would threaten the ability of schools to provide instruction and standards, as well as the ability of Department of Commerce, Community and Economic Development to provide oversight. She spoke in support of a comprehensive solution to the state's budget crisis, to include a restructuring of the Permanent Fund earnings in combination with other revenue measures such as an income tax. She supported a forward-funded education system, and continued support for early childhood education programs. She specified that the coalition was in support of funding for the highest need children identified in the underperforming districts identified in the Moore case, and specified an amount of \$1.5 million for Pre-K grants.

[1:09:23 PM](#)

Co-Chair Seaton noted that there was a provision in the budget on bond debt reimbursement. He continued that there were other proposals for taking the same amount of money out through the Base Student Allocation (BSA). He asked that testifiers express any relative support or opposition two one of the two proposals.

DEENA BISHOP, ANCHORAGE SCHOOL DISTRICT, ANCHORAGE (via teleconference), testified against the proposed cut to school bond debt reimbursement.. She relayed that she was the Anchorage School District (ASD) Superintendent of Schools. She stated that the taxpayers of Anchorage supported schools, and that the municipality gave 100 percent of the allowable contribution in the statutory school funding formula. She spoke on behalf of the municipality in opposition to the amendment proposed by Co-Chair Seaton. She thought shifting the state's responsibility for former bond debt did not decrease the budget, but rather shift the costs to some residents of Alaska. She stated that the \$18.5 million debt the committee sent to Anchorage would cost property owners \$53 per \$100,000 in assessed value the subsequent year. She thought there had been an unequitable distribution of the debt. She asked the committee to support incorporated boroughs and cities equitably.

[1:12:21 PM](#)

TOM ROTH, ANCHORAGE SCHOOL DISTRICT, EAGLE RIVER (via teleconference), spoke against the proposed cut to school

bond debt reimbursement. He relayed that he was the chief operating officer of the Anchorage School District. He highlighted the aging infrastructure in ASD. He mentioned the national standard for school preventative maintenance and school repairs. He discussed the importance of bonds in school funding. He referred to the ASD bond proposal.

1:14:47 PM

JIM ANDERSON, ANCHORAGE SCHOOL DISTRICT, EAGLE RIVER (via teleconference), spoke in opposition to the proposed cut to school bond debt reimbursement. He relayed that he was the chief financial officer for ASD. He spoke to the impact of the proposed amendment to HB 57 which would shift \$18.5 million requirement from the state to the borough. He discussed an ASD budget shortfall. He applauded the committee for restoring full funding to the transportation fund. He discussed wage increases for school bus drivers, and the resultant budget impact.

1:16:50 PM

CHARLES MCKEE, SELF, ANCHORAGE (via teleconference), testified about the government. He recommended that the committee bring back the state constitution. He referred to Alaska statutes. He discussed state agencies. He discussed voter registration. He discussed the Alaska Permanent Fund Corporation (APFC). He discussed legality and statehood. He mentioned the Alaska Bar Association.

1:20:05 PM

STEPHANIE BERGLUND, THREAD, ANCHORAGE (via teleconference), spoke in opposition to cuts in education. She stated that she was the chief executive officer for Thread, Alaska's childcare resource and referral network. She thanked the committee for supporting early childhood programs in the Department of Education and Early Development budget. She highlighted that Pre-K, Parents as Teachers, and Best Beginnings programs provided critical services to young children and families that helped support a stronger foundation for the future of the state. She thanked the committee for diversifying revenue in order to reduce cuts to the state's most vulnerable population.

1:21:00 PM

MARGARET BAUER, SELF, ANCHORAGE (via teleconference), testified in support of education funding. She shared that she was the chair of the Alaska Early Childhood Advocacy Group. She thanked the committee for the work on the budget, and expressed appreciation for the full funded early care and learning programs as mentioned by the previous testifier.

[1:21:33 PM](#)

JIM FOURTNER, OCS, ANCHORAGE (via teleconference), spoke in support of funding for the Office of Children's Services (OCS). He stated that he had volunteer as a chaplain for OCS. He understood that there was pending legislation that would add positions to OCS. He discussed caseloads and staffing at OCS and the challenge that was presented when staff was decreased.

[1:22:56 PM](#)

APRIL STAHL, SELF, ANCHORAGE (via teleconference), testified in support of funding for OCS. She relayed that she had worked for OCS, but was not testifying on behalf of the agency. She discussed abuse and neglect in Alaskan communities. She discussed the challenge of working for the safety and welfare of Alaskan children while missing time with her own family. She emphasized the dedication and competence of OCS staff, and the need for more staff. She supported funding for first responders.

[1:25:17 PM](#)

LOREEN DAVIS, SELF, ANCHORAGE (via teleconference), testified in favor the Permanent Fund Protection Act (PFPA). She discussed economic volatility. She discussed taxes and opposed deep cuts. She discussed the importance of services. She spoke against regressive taxes, and supported an income tax. She asked the committee to consider a draw on the Earnings Reserve Account (ERA) as outlined in the PFPA.

[1:27:15 PM](#)

PAUL D. KENDALL, SELF, ANCHORAGE (via teleconference), testified about accountability in the political process. He stated he had no conflicts of interest. He discussed corruption. He thought testifiers should be compelled to

divulge conflicts of interest. He did not think the legislature was prepared for what was to come. He remarked on the short time individuals were allotted for testimony.

[1:30:07 PM](#)

BILL HAUSER, SELF, ANCHORAGE (via teleconference), spoke in support of education funding from early childhood education through the university level. He thought that enough budget cuts had been made, with the exception of oil tax credits.

[1:31:13 PM](#)

ORIN SEYBERT, SELF, ANCHORAGE (via teleconference), urged the committee to pass HB 115. He had spoken to individuals who were willing to help bridge the fiscal gap. He thought it was important for the state to divest itself of dependence on only one source of revenue. He supported an income tax. He discussed out of state employees taking money outside the state. He referred to Department of Revenue and thought it would have the ability to reinstate the state income tax easily and efficiently. He spoke in support of using the earnings reserves, and mentioned SB 70. He testified against cuts to education funding. He mentioned a school head tax.

[1:33:55 PM](#)

Co-Chair Seaton encouraged testifiers to confine remarks to HB 57 and HB 59.

BOB WEIGLE, SELF, ANCHORAGE (via teleconference), testified in support of cuts to OCS. He claimed that OCS had falsified its caseload. He suggested that the numbers were subjective. He discussed mandatory reporting. He discussed reporting in OCS, and was concerned about a lack of integrity. He discussed corruption. He discussed a meeting with Vice-Chair Gara. He mentioned Representative Charisse Millett and testimony about corruption. He thought OCS should be required to demonstrate positive results before getting funding.

[1:37:45 PM](#)

ANDREW HANSEN, RURAL CAP/PARENTS AS TEACHERS, ANCHORAGE (via teleconference), spoke in support of early childhood education. He thanked the committee for funding the Parents

as Teachers program, Best Beginnings, Pre-K programs, and Head Start programs across the state. He relayed that his spouse was a kindergarten teacher.

[1:39:24 PM](#)

CRIS EICHENLAUB, SELF, EAGLE RIVER (via teleconference), spoke in opposition to using the Permanent Fund earnings reserves. He discussed the administration under former Governor Tony Knowles, when the price of oil was low. He referred to a proposal that included giving \$25,000 to each resident. He discussed resident's dependence upon the Permanent Fund Dividend (PFD). He thought it was disingenuous to say that the Permanent Fund was being preserved when it was being drawn from to pay for state government.

[1:41:12 PM](#)

KAREL HAUSER, SELF, EAGLE RIVER (via teleconference), spoke in support of using the Permanent Fund earnings reserves, and a state income tax. She did not support further cuts. She supported funding for education at all levels. She supported funding for public safety and mental health services. She was opposed to resource development that adversely affected water quality and wildlife. She spoke in support of maintaining the state's infrastructure.

[1:42:14 PM](#)

ABBE HENSLEY, SELF, ANCHORAGE (via teleconference), spoke in support of early childhood education. She thanked members for the transparency during the budget process. She thanked the committee for the intent language in the budget pertaining to early learning coordination in the Department of Education and Early Development (DEED). She supported funding for Parents as Teachers, Head Start, Best Beginnings, and the Pre-K grant program.

[1:44:23 PM](#)

MARY ANN KRASSETT, SELF, ANCHORAGE (via teleconference), spoke in support of using the earnings reserves. She thought the money should be paid back within a specific time frame and with interest. As an alternative she suggested a balloon payment to Alaskan residents.

[1:45:13 PM](#)

CARL BERGER, SELF, ANCHORAGE (via teleconference), spoke in support of funding for education and senior services. He discussed the personal benefits of legislators and believed that elected representatives should lead by example. He referred to legislators receiving extra funds. He thought it was important for legislators to be part of the effort in reducing spending. He discussed per diem and state travel as examples.

[1:47:43 PM](#)

LINDSEY SAM, SELF, ANCHORAGE (via teleconference), spoke in support of funding for mental health and human services. She relayed that she worked for Cook Inlet Tribal Council; which served Alaska Natives, a population that was disproportionately affected by mental health and behavioral health issues. She asserted that mental health and human services personnel were concerned with funding, and urged members to consider the needs rather than considering only reelection.

[1:49:13 PM](#)

VERNE BOERNER, AK NATIVE HEALTH BOARD, ANCHORAGE (via teleconference), spoke in opposition of cuts to the Department of Health and Social Services that might impact Medicaid expansion and Medicaid programs. She asserted that cutting Medicaid eligibility or services would not save the state money nor help the economy. She discussed the efficacy of Medicaid services. She discussed the possible savings and better outcomes with preventative health care, and pointed out the contribution by the Federal government. She mentioned tooth decay as an example of a preventable cause of morbidity and mortality that could be treated at an earlier stage to save money. She discussed the possible effects of reductions in pharmacy services. She supported stable funding for behavioral health.

[1:51:48 PM](#)

AMY SIMPSON, SELF, EAGLE RIVER (via teleconference), supported funding for early childhood programs such as Parents as Teachers, Best Beginnings, and Head Start. She relayed that she was an early intervention provider and director of an early intervention program in Anchorage. She

thanked the committee for maintaining funding for early childhood programs. She supported a state income tax and other revenue measures. She thought that further cuts to education, social services, and mental health would only degrade the state's infrastructure and have long term consequences. She felt that out of state workers should also pay for infrastructure.

[1:53:58 PM](#)

BRENDA MOORE, ALASKA MENTAL HEALTH BOARD, ANCHORAGE (via teleconference), spoke in support of funding for home and community-based services. She encouraged the committee to look at a diverse revenue stream as part of a fiscal plan to help maintain state services. She described that community-based services included mental health and substance abuse treatment, healthcare, housing assistance, assisted living, family care giver and natural support, case management, education and training for providers, peer support, and transportation and senior support. She discussed the value of preventative care, and the importance of home and community-based services in preventing the need for acute care. She stated that she served on the board for the Alaska Psychiatric Institute. She discussed a lack of follow-up services after acute care, which created a high rate of re-admission.

[1:56:54 PM](#)

DOUG WHITE, ACCESS ALASKA, ANCHORAGE (via teleconference), spoke in support of funding for seniors and people with disabilities. He thanked the committee for maintaining most of the appropriations from the governor's proposed budget, particularly community-based programs. He spoke in support of increased revenue measures. He highlighted the community-based care services provided jobs and contributed to the local economy. He mentioned important support services such as mental health services, substance abuse treatment services, health care, housing assistance, assisted living, in-family caregiver, case management, care provider training, and senior support. He noted that people with disabilities were more likely to lead productive lives with appropriate support, and would be less likely to need more acute care. He supported a fiscal plan based on diverse revenue sources.

[1:59:34 PM](#)

PATRICK REINHART, GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION, ANCHORAGE, spoke in support of funding for home and community-based services. He noted that the governor's council had taken a position that revenues were needed to balance the budget. He thought there had been enough cuts to home and community-based services. He discussed the cut that would be replaced through refinancing some items through Medicaid programs.

Co-Chair Seaton stated that the committee would take a break until 2:30 p.m.

[2:01:47 PM](#)

AT EASE

[2:34:15 PM](#)

RECONVENED

DENMER WELLS, SELF, ANCHORAGE (via teleconference), testified in support of education funding. He thought discussing the deficit in terms of percentages implied that there was a fundamental revenue problem. He encouraged the committee to fully fund education. He spoke in opposition to using the earnings reserves, specifically to cutting the PFD. He thought cutting the PFD was regressive. He supported an income tax. He did not support a sales tax.

[2:38:17 PM](#)

DAVID BOYLE, SELF, ANCHORAGE (via teleconference), spoke in opposition to using the Permanent Fund earnings reserves and against cuts to the PFD. He spoke in support of further budget cuts. He supported cuts to education and the Department of Transportation and Public Facilities. He supported cuts to the Alaska Performance Scholarship program and the Power Cost Equalization program. He discussed funding for non-profits.

[2:40:36 PM](#)

JOAN DIAMOND, SELF, ANCHORAGE (via teleconference), spoke in favor of restructuring the Permanent Fund. She referred to the income tax and education tax that was formerly enacted in the state. She spoke in support of an income tax.

[2:42:21 PM](#)

MALLORY HAMILTON, SELF, ANCHORAGE, testified in support of funding for disabilities services. She relayed that she had a child with significant disabilities. She spoke in support of additional revenue measures. She emphasized the need for bills to get through committee to go to the House and Senate floor.

[2:44:18 PM](#)

AT EASE

[2:46:04 PM](#)

RECONVENED

Co-Chair Seaton stated that as there was no one signed up to testify, the committee would break until 3:15 p.m.

[2:46:41 PM](#)

AT EASE

[3:15:29 PM](#)

RECONVENED

^PUBLIC TESTIMONY: SITKA, PETERSBURG, DELTA JUNCTION, UNALASKA, GLENNALLEN, TOK

[3:15:52 PM](#)

JODY TOW, FINANCE DIRECTOR, PETERSBURG BOROUGH, PETERSBURG (via teleconference), opposed the proposed decrease to the school bond debt reimbursement. She stressed that passing major expenses to municipalities was not a solution. She provided detail on how the expenses would impact the community's taxpayers. She indicated that property taxes would increase by \$90 for every \$100,000 of assessed value. She discussed that the bonds had been issued to help pay for school major maintenance, the aquatic center, and a vocational education building expansion. She believed the passage of the amendment would negatively influence voter approval of any future ballot propositions for construction projects. She thanked the committee for its time.

Co-Chair Seaton clarified that it was 50 percent of the Unrestricted General Funds; it was really 42 percent of the bond debt reimbursement.

Ms. Tow replied it equated to approximately \$240,000 for Petersburg.

[3:18:26 PM](#)

JOHN DULL, SELF, SITKA (via teleconference), believed HB 57 was a good bill, but he thought additional cuts were necessary. He mentioned that the Senate was making additional cuts without having to tax the people. He thought cutting to the bone was appropriate. He spoke in support of additional reductions to the education budget. He did not believe utilizing the Constitutional Budget Reserve (CBR) to fill the remaining budget gap was the right solution. He thought a \$6.6 billion budget was way too high.

[3:19:49 PM](#)

JOHN JAY SWEENEY, CHIEF FINANCIAL ADMINISTRATIVE OFFICER, CITY AND BOROUGH OF SITKA, SITKA (via teleconference), strongly urged members to vote no on HB 57. He relayed that the city had been able to absorb a cut to school bond debt reimbursement the prior year; however, it could not sustain a long-term reduction. The city did not have the ability to increase property or sales taxes without a vote. The reduction would mean a cut of approximately \$750,000 to the city's budget. He asked members to consider the impacts of transferring debt to the municipalities. He thanked the committee.

[3:21:48 PM](#)

MARY WEGNER, SUPERINTENDENT, SITKA SCHOOL DISTRICT, SITKA (via teleconference), supported public education. She thanked the committee for prioritizing funding for early learning and K-12 education. She spoke to the many benefits that came with the funding levels for education in the budget. She mentioned that the flat funding would affect the level of service due to increased health care costs for employees. She spoke in opposition of the reduction in school bond debt reimbursement.

Co-Chair Seaton relayed that the bill represented a single budget for FY 18, not a long-term change.

[3:24:19 PM](#)

RICHARD PROBERT, SELF, TOK (via teleconference), spoke of problems he had with Adult Public Assistance. He provided detailed information about his personal financial troubles. He spoke to inequities surrounding the welfare system. He wanted to see cuts made to individuals committing welfare fraud. He advocated for funding for seniors.

[3:26:41 PM](#)

DEB HARBISON, PARENT EDUCATOR, PARENTS AS TEACHERS, TOK (via teleconference), spoke in support of Parents As Teachers and supported funding for the program. She provided information about the program. She was speaking on behalf of parents in her community. She provided information about the merits of the program. She thanked the committee for funding the program previously. She thanked the committee for the opportunity to testify.

Co-Chair Seaton indicated that the committee would take an "At ease" until 4:00 PM, as there was no one online currently.

[3:28:52 PM](#)

AT EASE

[4:03:11 PM](#)

RECONVENED

HANNAH BENGSTON, PARENT EDUCATOR, PARENTS AS TEACHERS, GLENNALLEN (via teleconference), spoke in support of funding for Parents as Teacher. She provided some information about what she did to support parents and families. She thanked the committee.

Co-Chair Seaton thanked Ms. Bengston for her commitment to education.

[4:05:04 PM](#)

DENNIS CHARLEY, PARENTS AS TEACHERS, GLENNALLEN (via teleconference), spoke in support of the Parents As Teachers program and urged members to support the program. He shared how the program had benefitted his family. He mentioned some of the benefits of the program. He thought the program brought people confidence and encouragement.

[4:07:16 PM](#)

LISA NICOLAI, GAKONA VILLAGE, GLENNALLEN (via teleconference), urged members to support the Office of Child Services. She provided a professional story. She relayed Gakona had one caseworker covering several communities. She urged the committee to provide funding for additional caseworkers. She thanked members for hearing her testimony.

[4:08:36 PM](#)

AT EASE

[4:09:31 PM](#)

RECONVENED

Co-Chair Seaton relayed that the committee was hearing testimony of people for the communities of Sitka, Petersburg, Delta Junction, Unalaska, Glennallen, and Tok. The committee would be taking testimony from these communities until 4:45 PM. The cutoff time to sign up was 4:30 p.m.

[4:10:14 PM](#)

AT EASE

[4:31:38 PM](#)

RECONVENED

KURT SCHMIDT, SELF, DELTA JUNCTION (via teleconference), spoke in opposition to HB 57. He thought the budget was excessive and was a sure way to bankruptcy. He thought additional reductions were in order. He mentioned being in favor of Senator Dunleavy's bill to put the use of the PFD to a vote of the people. He believed that taking the PFD was a crime. He suggested that legislators were not representing the people. He urged moving the capital to Anchorage.

[4:34:58 PM](#)

SARAH HOLMGRAIN, MEMBER, PETERSBURG SCHOOL BOARD, PETERSBURG (via teleconference), spoke in favor of funding public education. She opposed the amendment that reduced the school bond debt reimbursement. The amendment was not the solution to resolving the state's fiscal problems. She shared that the previous year the borough had lost \$117,000 from its school bond reimbursement. She communicated that

the borough had worked creatively and had been able to absorb the loss; however, the amendment would hit the borough and the school in the gut. She explained that the borough may have to increase taxes or cut services if the amendment passed. Voters had approved the bonds years earlier with the understanding the community would receive agreed reimbursement from the state.

[4:36:31 PM](#)

MARK CURRAN, SELF, DELTA JUNCTION (via teleconference), opposed using Permanent Fund monies to fund government. He believed former Governor Jay Hammond had considered the Permanent Fund the people's money. He thought the PFD fueled the economy. He thought it was criminal to take the PFD away from the people of Alaska. He thanked the committee for hearing his testimony.

[4:38:03 PM](#)

AT EASE

[4:38:16 PM](#)

RECONVENED

Co-Chair Seaton indicated that the meeting would be recessed until 5:00 p.m.

[4:38:32 PM](#)

AT EASE

[5:02:26 PM](#)

RECONVENED

^PUBLIC TESTIMONY: OFF-NETS

[5:02:31 PM](#)

MICHAEL O'BRIEN, VICE PRESIDENT, FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT SCHOOL BOARD, FAIRBANKS, testified in support of education funding. He shared that in the past several years the district had made strategic cuts; it had utilized a strategic plan for guidance to ensure students continued to succeed. He was opposed to any additional cuts of any form to education (e.g. to the Base Student Allocation (BSA) or bond debt reimbursement). He believed the bond debt reimbursement cut was inequitable across the state. He provided examples. He elaborated on the impact

the cut would have on Fairbanks. If any cuts were made, they should be made equitably. He spoke to transportation costs for the school district and provided detail about contracts. The district was looking at a very significant hole in its budget.

Co-Chair Seaton clarified that the remainder of the governor's budget would fill the \$6.5 million in pupil transportation.

Representative Ortiz asked how Mr. O'Brien would view an increase to Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) obligations in relationship to the other two options.

Mr. O'Brien was opposed to the idea. He communicated that \$1 taken away from the classroom was \$1 taken away. He particularly opposed the elimination of the bond debt reimbursement due to the inequity across the state.

[5:07:41 PM](#)

MARK VINK, BERING STRAIT SCHOOL DISTRICT, UNALAKLEET (via teleconference), thanked the committee for its work and recognized decisions on the budget was not an easy task. He referred to a colleague who would testify.

TAMMY DODD, BERING STRAIT SCHOOL DISTRICT, UNALAKLEET (via teleconference), testified in support of the proposed bill to replace or add additional funds to the state's ECE [early childhood education] grants that had been previously funded by the Moore grant settlement. There had been three cohort years that had gone through the program. She referred to a study showing that children in the ECE program were outperforming non-ECE students by 20 percent in letter naming. She provided additional detail about the program and its merits. She noted she had provided the data to Co-Chair Foster and Representative Ortiz's offices. She spoke to the importance of early childhood education for students in the Bering Strait School District. She spoke to costs for the district. She feared the ECE programs would eventually lose out without additional funding.

[5:12:05 PM](#)

ETHAN BERKOWITZ, MAYOR, ANCHORAGE, ANCHORAGE (via teleconference), spoke in opposition to the elimination of

the bond debt reimbursement. He emphasized he viewed the change not as a budget cut, but as a shift to taxpayers in Anchorage that would cost them approximately \$53 per \$100,000 in assessed value. The change would result in an average tax increase of \$185 for Anchorage homeowners. He stressed that the reduction was in addition to cuts made the previous year. He urged the committee to reconsider the proposal. He asked members to consider the moral obligation to honor bond debt reimbursement.

[5:13:35 PM](#)

PAMELA SAMASH, SELF, NENANA (via teleconference), testified in support of funding for education. She shared that she had worked as a school bus driver in the past. She wanted to see the Democrats and Republicans work together for the people of Alaska. She stated that the CBR had a lower interest rate and would not take money from the Permanent Fund Dividend. She did not support taking the PFD and believed residents could not afford the legislature's tax plan.

[5:15:18 PM](#)

MARNA SANFORD, SELF, FAIRBANKS (via teleconference), urged the committee to not make any additional cuts. She believed individuals in Alaska would be amazed to find what less government would look like. She thanked the committee for its work. She strongly supported Co-Chair Seaton's work to restructure the PFD and reform of oil and gas tax credits. She spoke in support of an amendment offered by Vice-Chair Gara related to additional social workers at the Office of Children's Services (OCS). She shared information about her prior work with the agency. She spoke to its merits.

[5:17:22 PM](#)

NATASHA SINGH, TANANA CHIEFS CONFERENCE, FAIRBANKS (via teleconference), thanked the committee for its work. She remarked on the difficulty of cutting significantly over recent years. She did not support further cuts. She stated that some of the cuts were hurting Alaskans. The conference supported an amendment offered by Vice-Chair Gara related to social workers for OCS.

[5:19:12 PM](#)

MRS. DENNY KAY WEATHERS, SELF, PRINCE WILLIAM SOUND (via teleconference), spoke against the budgets. She believed Alaskans had created an enormous debt by inflating the budget. She did not support the proposal to block per diem cuts to legislators. She cited Co-Chair Seaton's travel expenditures and believed his annual per diem was more than what many Alaskans earned. She believed government was bloated. She had not seen any real cuts during Co-Chair Seaton's 14 years with the legislature. She believed it was time for steeper reductions.

[5:23:44 PM](#)

PAUL VERHAGEN, SELF, NENANA (via teleconference), spoke in opposition to the proposed budget. He did not support pulling \$4.2 billion from the Permanent Fund earnings reserve account to pay for "big" government. He believed the legislative minority had been cut out of the process. He stated that the new majority had made minimal efforts to cut the budget. He did not support cuts to the bond debt reimbursement to school districts. He urged the committee to consider changing its strategy. He asked the committee to look at Senator Bert Stedman's SB 21 proposal. He supported cuts to the budget, not the people.

[5:25:16 PM](#)

KARA THRASHER-LIVINGSTON, SELF, ANCHORAGE (via teleconference), thanked the committee for preserving community-based services for elders and individuals with disabilities. She shared information about her family. She discussed individuals providing care for elderly family members, children, and other. She did not support blanket cuts. She explained that cuts without other options for people would be devastating. She discussed that she spent her earned funds in Alaska.

[5:27:54 PM](#)

MARILYN ANDON, BEHAVIORAL HEALTH DIRECTOR, TANANA CHIEFS CONFERENCE, FAIRBANKS (via teleconference), spoke in support of behavioral health treatment grants. The organization used the grants to provide substance treatment and mental health services in several communities in the Interior, including Fairbanks. She asked the committee to avoid further cuts. She shared that often federal dollars had to be used to subsidize the programs.

[5:28:48 PM](#)

JAMES SQUYRES, SELF, RURAL DELTANA (via teleconference), believed the budget was still too high. He did not like the idea of an income tax or cuts to the Permanent Fund Dividend. He believed government was too big. He spoke to the state's constitution. He asked the legislature to correct its course.

[5:30:10 PM](#)

PAMELA GOODE, SELF, RURAL DELTANA (via teleconference), testified against the budgets. She associated herself with remarks made by an earlier testifier. She believed legislators had lost their minds. She did not support high levels of government spending. She emphasized that once the funds were gone they would not be recovered. She did not support additional taxes or use of the Permanent Fund to fund government.

[5:31:29 PM](#)

BRAD RYAN, INTERIM BOROUGH MANAGER, CITY OF HAINES, HAINES (via teleconference), spoke against the proposal to cut school bond debt reimbursement. He relayed it would impact the Haines Borough by nearly \$450,000 in a year with a \$500,000 deficit. The cut would directly impact the community, schools, and services. He encouraged the committee to maintain the forester position in Haines; the community had already lost its state trooper and would like to maintain the forester. He shared that one of the largest timber sales in recent history was about to take place and the community could use the forester's support.

[5:32:28 PM](#)

ANGELA HILL, SELF, SITKA (via teleconference), spoke against cuts to pre-K. She worked as a head start administrator in Sitka. She provided information about the program. She spoke to working with programs to reach additional young children. She implored the committee to maintain funding.

[5:34:02 PM](#)

DEBORAH SCHNABEL, HAINES CHAMBER OF COMMERCE, HAINES (via teleconference), spoke against the proposed cut to school bond debt reimbursement. She explained the cut would negatively impact the community. She provided information about the community's bonds. She stated the amendment was unfair and was crippling to the economic growth of communities. She urged the committee to reconsider and asked the committee to reinstate a state forester position in the region.

Co-Chair Seaton clarified that the bill would not mean an ongoing change over decades; it impacted only 2018.

[5:37:13 PM](#)

CYNTHIA LAGOUDAKIS, VICE MAYOR, PETERSBURG (via teleconference), testified against cuts to school bond debt reimbursement. She shared the community had received almost \$500,000 in state funds of the \$748,000 needed to pay its annual bond principal and interest. She detailed that currently debt reimbursement covered three completed projects including school major maintenance, an aquatic center, and the expansion of vocational education building. She specified how the cut would impact the community. She relayed the reimbursement had already been reduced by 25 percent in FY 17. The proposed 50 percent funding in FY 18 would mean almost \$250,000 in lost funding. She stated the bill would reduce future construction. She stated that in recent years the legislature had special sessions, lobbied for controversial projects, focused on cutting government positions and services, and had sought to shift costs to municipalities. She urged the legislature to address oil subsidies and to develop avenues of revenue generation instead of relying on cutting state government.

[5:39:24 PM](#)

AT EASE

[5:44:56 PM](#)

RECONVENED

Co-Chair Seaton addressed the agenda for the following day and noted one additional person was available to testify.

[5:46:34 PM](#)

EVELYNN TREFON, SELF, VICE MAYOR OF CITY COUNCIL, NEWHALEN (via teleconference), stressed the need for new revenue sources. She believed revenue sharing needed to be a reliable funding source. She stressed that the city would be forced to close its doors without the funding. She was in favor of an income tax. She believed it would add an additional 50 to 60 jobs into the economy. She was in favor of capping the PFD at \$1,000. She stated that it needed to be set at a measurable rate and maintained. She supported changes to oil taxes. She emphasized the state should not be handing out subsidies to oil companies. She spoke about motor fuel costs. She did not support an increase to aviation fuel. She spoke to high costs in the region. She underscored that more budget cuts were not the answer. She relayed that Alaskans grandchildren would look back on the moment in time and either applaud the actions taken by the legislature or would wonder what legislators had been thinking. She stressed that the can could no longer be kicked down the road. She supported a comprehensive fiscal plan.

HB 57 was HEARD and HELD in committee for further consideration.

HB 59 was HEARD and HELD in committee for further consideration.

ADJOURNMENT

[5:51:35 PM](#)

The meeting was adjourned at 5:51 p.m.